

THE TORONTO STOCK EXCHANGE

FILING STATEMENT NO. 1062.
FILED, APRIL 9th. 1964.

MAGNA ELECTRONICS CORPORATION LIMITED

Full corporate name of Company

Ontario Letters Patent, dated November 16, 1961

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953 (Ontario) by Letters Patent, dated May 1st, 1957).

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	See Schedule "A" on pages 2,3,4, & 5.
2. Head office address and any other office address.	970 Broadview Avenue, Toronto 6, Ontario.
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	Directors: John E. Warrington, 36 Alder Rd., Toronto 16, Executive H.T. Pawson, 3161 Sheppard Ave. E., Agincourt, Executive F. Vincent Regan, 611 Longdale Rd., Toronto 10, Solicitor David John Fry, c/o David Fry, Fraser & Company Limited, Suite 121h, 4 King St. W., Toronto Home Address: 30 Edgar Ave., Toronto 5 Investment Dealer John O. McCutcheon, 4070 Trusdall Rd., Montreal, Professor of Civil Engineering, McGill University Since August 31, 1963, Mr. Stanley J. Randall was elected to the Ontario Legislature and was appointed to the Cabinet; and accordingly he resigned from the Board of Directors. The resulting vacancy was filled by the appointment of Mr. McCutcheon, at the Annual Meeting. Officers: President - John E. Warrington Vice-President - Harold Warrington, 59 Haileybury Dr., Scarboro " " - Felix Charlebois, 94 Homewood Ave., Toronto 5 " " - H.W. Cherry, 116 Grenadier Rd., Toronto 3 Secretary-Treasurer - H.T. Pawson
4. Share capitalization showing authorized and issued and outstanding capital.	(a) Authorized: 10,000 6 1/2% cumulative redeemable sinking fund preferred shares of the par value of \$100 each, & 1,000,000 common shares without par value. (b) Issued: 2,500 preferred shares, and 350,000 common shares
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	(a) \$500,000.00 1st mortgage sinking fund bonds, dated Sep. 15/63, maturing Sep. 15/83, see Schedule "A" attached. (b) \$150,000.00 6 1/2% debentures maturing Sep. 15/73, see Schedule "A" attached. (c) The Company has hypothecated its accounts receivable to its banker, The Canadian Imperial Bank of Commerce, & has given security under Sec. 88 of the Bank Act.
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	Nil.
7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	None.
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None.
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	The Company will continue to manufacture precision components for the electronics and aircraft industry. There is no proposed sale of treasury shares.
10. Brief statement of company's chief development work during past year.	The Company manufactures precision components for the electronics and aircraft industry.
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	See Schedule "A" on pages 2,3,4, & 5.

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SCHEDULE A

To the Filing Statement made by MAGNA ELECTRONICS CORPORATION LIMITED (herein called "Magna") dated the 3rd day of April, 1964.

1. Purchase of Shares of Precision Machining (Barrie) Limited

Magna purchased all of the issued and outstanding preference and common shares of Precision Machining (Barrie) Limited (hereinafter called "Precision") as at April 1, 1963, from R.U. Gregg and W.E. Purvis. The authorized capital of Precision is 3,600 preference shares with a par value of \$10.00 each, and 4,000 common shares without par value, of which 2,980 preference shares and 200 common shares are issued and outstanding as fully paid and non-assessable. The purchase price for all of the said shares was \$5,900.00, and was paid to the said R.U. Gregg and W.E. Purvis. A copy of the audited financial statements of Precision as at March 31, 1963, are attached.

2. Issue of \$500,000.00 Principal Amount First Mortgage Sinking Fund Bonds, dated September 15, 1963, and maturing September 15, 1983.

By Deed of Trust and Mortgage dated as of the 15th day of September, 1963, (herein referred to as the "Trust Deed") and executed by Magna in favour of the Metropolitan Trust Company as Trustee, Magna issued and secured \$500,000.00 principal amount of first mortgage sinking fund bonds, bearing interest at the rate of 6 3/4%, payable half-yearly, which bonds constitute in the opinion of counsel:

- (a) A first fixed and specific mortgage, pledge and charge on the freehold land of Magna, together with all buildings, fixed plant, fixed machinery, and fixed equipment now or hereafter situate thereon, including all fixed plant, fixed machinery, and fixed equipment situate on lands or in buildings leased by Magna;
- (b) A first floating charge under the laws of the Province of Ontario on the undertaking and all other property and assets of Magna, present and future.

Magna has covenanted in the Trust Deed, among other things, substantially to the effect that so long as any of the said bonds are outstanding, it will not:

- (a) issue or become liable or permit any subsidiary to issue or become liable on any funded indebtedness;
- (b) create or attempt to create, incur, assume or suffer to exist any mortgage, pledge, charge, assignment, hypothec, encumbrance, lien or any security of any kind, whether fixed or floating, on the mortgaged property or any part thereof ranking or purporting to rank in priority to or pari passu with the security constituted by the Trust Deed;
- (c) sell or dispose of any funded indebtedness or shares of any subsidiary, or permit any subsidiary to issue, sell or otherwise dispose of or become liable on any funded indebtedness or shares of such subsidiary or any other subsidiary;
- (d) permit any subsidiary to create, attempt to create, incur, assume or suffer to exist any mortgage, pledge, charge, assignment, hypothec, encumbrance, lien or any security of any kind, whether fixed or floating, on any of the property or assets of such subsidiary;

Provided, that the foregoing restrictions shall not apply to or operate to prevent Magna or any subsidiary:

- (i) from pledging, assigning or giving security or securities (whether

by way of floating charge or otherwise) upon the mortgaged property (except fixed assets) to any bank or banks under The Bank Act (Canada) or otherwise, or in the ordinary course of business to others for present or future debts or liabilities of Magna or of such subsidiary, as the case may be, to such bank or banks or to such others (provided that such debts or liabilities mature within eighteen months of the date when they are incurred);

- (ii) from assuming or giving any mortgage, pledge, hypothec, charge, encumbrance or lien as part of the purchase price or to secure moneys borrowed to pay a portion of the purchase price of property acquired or purchased by Magna after September 15, 1963, for the purpose of its business, providing that no such mortgage, hypothec, charge, encumbrance or lien shall exceed $66 \frac{2}{3}$ of the cost of such property, or from extending, renewing or refunding any such mortgage, hypothec, charge, encumbrance or lien to the extent of the principal amount of the indebtedness at the time of such extension, renewal or refunding;
- (iii) from issuing or becoming liable on any funded indebtedness, if such funded indebtedness by its terms,
 - (a) imposes no obligations on Magna or its subsidiaries to make payments on account of the principal thereof or interest thereon, so long as any of the said bonds remain outstanding and (1) the consolidated earned surplus of Magna and its subsidiaries immediately after making any such payment is less than \$150,000.00, or (2) the consolidated working capital of Magna and its subsidiaries is less than \$400,000.00;
 - (b) provides that in the event of such non-payment of the principal or interest, Magna shall not be deemed to be in default with respect to such funded indebtedness, and
 - (c) provides that the security, if any, thereby constituted shall not be enforceable so long as any of the first mortgage bonds remain outstanding and not in default.

The said Trust Deed contains a covenant by Magna that it will not:

- (a) declare or pay dividends (other than in shares of the capital stock of the Company) on any of its shares for the time being outstanding;
- (b) redeem, reduce, purchase or otherwise pay off any of its shares at any time outstanding (except out of the proceeds of an issue of shares made after September 15, 1963, and prior to or contemporaneously with any such redemption, reduction, purchase or payment);
- (c) pay or elect to pay any tax on undistributed income under the provisions of Section 105 of the Income Tax Act (R.S.C. 1952, Chapter 148) as now enacted or as the same may from time to time be amended or re-enacted, or pay or elect to pay any tax under any similar provisions; or
- (d) pay any interest with respect to, or pay any amount on account of the principal of any funded indebtedness permitted under the said Trust Deed, unless immediately after giving effect to such action (i) the consolidated working capital of Magna and its subsidiaries is in excess of \$400,000.00, and (ii) the consolidated earned surplus of Magna and its subsidiaries is in excess of \$150,000.00.

Provided that, notwithstanding the foregoing, until the security hereby constituted shall have become enforceable and the Trustee shall have determined or become bound to enforce the same, Magna may pay dividends with respect to its presently issued and outstanding $6\frac{1}{2}\%$ cumulative redeemable

sinking fund preference shares and may set aside on its books to the credit of a sinking fund account an amount and may use such amount for the redemption or purchase of the said outstanding preference shares, all as provided in the conditions attaching to the preference shares, as such conditions are constituted at the date of the Trust Deed.

The said Trust Deed provides that Magna will establish a sinking fund for the benefit of the holders of the bonds by paying to the Trustee immediately prior to September 15th in each of the years 1964 to 1982, inclusive, an amount sufficient to redeem or otherwise retire on September 15th in each of the years 1964 to 1982, inclusive, \$25,000.00 principal amount of bonds. The said Trust Deed provides that the bonds are redeemable at the option of the Company, and the bonds redeemed out of the sinking fund do not require the payment of any premium.

In the said Trust Deed Magna covenants with the Trustee that at all times during the continuance of the security, it will insure or cause to be insured and keep insured the life of John Edward Warrington, the President of Magna, to the amount of \$200,000.00 under a term life insurance policy or such other policies or contracts of insurance as may be approved by the Trustee, such insurance to be effected with such life insurance company or companies as may be approved by the Trustee. Such policies are now in effect, and the Trust Deed provides that all moneys representing the proceeds of life insurance policies or contracts of life insurance payable to the Trustee shall be applied by the Trustee in or towards the redemption of the bonds, (any bonds so redeemed shall be redeemed without the payment of any premium) with the balance (if any) to be payable to Magna.

The said Trust Deed also provides that Magna will not and will not permit any subsidiary to:

- (a) enter into or assume the payments required to be made pursuant to any agreement to rent or lease any real property;
- (b) acquire shares of any company so as to make that company a subsidiary (as defined in the said Trust Deed), or
- (c) guarantee the payments required to be made pursuant to any agreement to rent or lease real property, if as a result of such action, the aggregate of the payments required to be made or guaranteed by Magna and all its subsidiaries pursuant to agreements to rent or lease real property would exceed \$40,000.00 annually.

The said Trust Deed provides that the bonds shall be redeemable in whole at any time or in part from time to time prior to maturity at certain premiums, more particularly set forth in the said Trust Deed (except there shall be no premium payable on redemptions from the life insurance payable upon the death of John Edward Warrington or in respect of any bonds called for redemption out of sinking fund moneys), and provided further that Magna shall not redeem bonds before September 15, 1975 as part of a refunding operation involving the application directly or indirectly of borrowed funds having an interest cost to Magna of less than 6 3/4% per annum.

The said bonds were sold by Magna to Fry & Company Limited, as principals, at a discount of 3%, and Fry & Company Limited in turn sold the said bonds to North American Life Assurance Co., Excelsior Life Insurance Co. and Imperial Life Assurance Co. of Canada.

3. Issue of \$150,000.00 Floating Charge Debentures of Various Denominations

Prior to the creation and issue of \$500,000.00 principal amount of first mortgage sinking fund bonds, Magna had issued and outstanding \$225,000.00 principal amount of 6 1/2% general mortgage bonds. The holders of the said general mortgage bonds agreed to the redemption of the said general mortgage bonds and received \$75,000.00 cash payment and the entire issue of \$150,000.00 floating charge debentures. The said floating charge debentures carry an interest rate of 6 1/2% per annum, payable half-yearly, and are repayable to the extent of 1/6 of the principal amount thereof on the 15th days of September

in each of the years 1968 to 1973. All debentures rank pari passu, without any preference or priority one over the other, and the said debentures are junior to and subject to the priority of the 6 3/4% first mortgage sinking fund bonds, and as long as any of the said bonds remain outstanding, Magna will make no payments on account of principal and interest secured by the debentures, if immediately after such payment, the consolidated earned surplus of Magna and its subsidiaries would be less than \$150,000.00, or the consolidated working capital of Magna and its subsidiaries would be less than \$400,000.00, and in the event of such non-payment of principal and interest, Magna shall not be deemed in default with respect to such indebtedness and the security, if any, constituted in the said indebtedness shall not be enforceable so long as any of the said first mortgage bonds remain outstanding and not in default.

4. Purchase of Shares of Progressive Platers Limited

Magna purchased all of the issued and outstanding preference and common shares of Progressive Platers Limited (hereinafter called "Progressive") as at December 1, 1963, from W.B. Stratton and Kenneth Graham. The authorized capital of Progressive is 2,000 6% redeemable non-cumulative preference shares with a par value of \$10.00 each, and 20,000 common shares without par value, of which 1,720 preference shares and 1,903 common shares are issued and outstanding as fully paid and non-assessable. The purchase price for all of the said shares was \$23,000.00, and was paid to the said W.B. Stratton and Kenneth Graham. The agreement of purchase and sale provided for reduction in the purchase price in certain circumstances referred to therein, and pursuant to such provisions, the purchase price was reduced \$2,000.00, so that the net price paid by Magna for the issued and outstanding preference and common shares of Progressive was \$21,000.00. The audited financial statements of Progressive as at November 30, 1963, are attached hereto.

5. Purchase of Shares of Fine Pitch Gears Limited

Magna purchased all of the issued and outstanding shares of Fine Pitch Gears Limited (hereinafter called "Fine Pitch") as at December 31, 1963, from C.E. Pullen. The authorized capital of Fine Pitch is 80,000 shares without par value, of which 65,000 are issued and outstanding as fully paid and non-assessable. The purchase price for all of the said shares was \$10,360.38, and was paid to the said C.E. Pullen. The audited financial statements of Fine Pitch Gears Limited as at November 30, 1963 are attached. In addition, Magna purchased from the said C.E. Pullen the indebtedness of Fine Pitch to him for the amount of \$10,329.62, being the face amount of such indebtedness, and the said indebtedness of Fine Pitch to C.E. Pullen was assigned by Pullen to Magna.

FINANCIAL STATEMENTS

MAGNA ELECTRONICS CORPORATION LIMITED
AND WHOLLY OWNED SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

AS AT FEBRUARY 29, 1964

ASSETS

CURRENT ASSETS

Cash on hand & in Bank	\$ 9,641.08
Accounts receivable	408,921.14
Inventory of raw material & work in process	295,117.49
Prepaid Corp. taxes	4,528.46
Prepaid expenses & sundry assets	30,139.97
Sundry deposits	1,505.00

TOTAL CURRENT ASSETS

\$750,173.14

FIXED ASSETS

Land, buildings, machinery and equipment, furniture, automobiles and leasehold improvements
- at depreciated replacement value as per appraisal of Cooper Appraisals Limited dated September 30, 1961 plus subsequent additions at cost, less disposals, less accumulated depreciation and adjustments subsequent to date of appraisal.

OTHER ASSETS

Sinking Fund	\$ 10,000.00
Research, development & engineering	\$150,000.00
LESS: Amortization	32,500.00
Goodwill	17,500.00
Commission on sale of preferred shares	136,915.74
LESS: Amortization	25,600.00
Issue & organization expense	10,833.39
LESS: Amortization	14,166.61
Expense of issue 6 1/2% bonds	33,873.52
Commission on sale of bonds	14,678.55
Goodwill on purchase of subsidiaries	19,194.97
	8,563.65
	15,000.00
	13,975.24
	335,316.21
	\$2,031,542.36

LIABILITIES & SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable	\$133,513.74
Employees tax deductions	10,321.83
Accrued liabilities	48,603.81
Current portion of mortgage bond	25,000.00
Accrued vacation pay	12,885.19

TOTAL CURRENT LIABILITIES

\$230,323.57

LONG-TERM DEBT

6 1/2% mortgage bonds	\$475,000.00
6% debentures	150,000.00

\$625,000.00

SHAREHOLDERS' EQUITY

CAPITAL STOCK - ISSUED & FULLY PAID

Common	\$317,504.95
Preferred	250,000.00

\$567,504.95

EXCESS OF APPRAISED VALUE OF ASSETS

Over Cost	\$542,820.81
Less: Adjustments	102,841.62

439,979.12

Retained Earnings

168,734.72

1,176,218.79

\$2,031,542.36

Approved on behalf of the Board of Directors.

[Signature]
[Signature]

MAGNA ELECTRONICS CORPORATION LIMITED
And Wholly Owned Subsidiary Companies

Consolidated Statement of Retained Earnings
As at February 28th, 1964.

Retained Earnings at September 1, 1963	\$169,186.47
Profit before taxes on income, September 1, 1963 to February 28, 1964	10,247.65
	<u>\$179,434.12</u>
DEDUCT:	
Adjustment re prior years taxes	71.30
Dividends paid on preference shares	8,128.08
Amortization of commission on sale of preferred shares	<u>2,500.00</u>
Retained Earnings at February 28, 1964	<u>\$168,734.72</u>

Consolidated Statement of Operations for
Six Months ended at February 28, 1964

Profit before depreciation, interest on longterm debt and taxes on income	\$71,491.80
Depreciation	<u>38,150.00</u>
Profit before interest on longterm debt and taxes on income	\$33,341.80
Interest on longterm debt	<u>23,094.15</u>
Profit before taxes on income	<u>\$10,247.65</u>

MAGNA ELECTRONICS CORPORATION LIMITED

Statement of Source and Application of Funds
For the Six (6) Months Ended February 29, 1964

Working Capital as at September 1st, 1963 \$364,522.00

Source of Funds

Net profit for period before taxes	\$10,248.00	
Provision for Depreciation of Fixed Assets	38,150.00	
Provision for Amortization of Organization Expenses	3,387.00	
Provision for Amortization of Deferred Finance Charges	4,534.00	
Proceeds of Issue of 6 3/4% Mortgage Bonds	<u>485,000.00</u>	<u>541,319.00</u>
		\$905,841.00

Application of Funds

Purchase of Fixed Assets	\$156,671.00	
Transfer of Funds to Preferred Share Sinking Fund	5,000.00	
Repayment of Mortgages	80,035.00	
Repayment of Notes against Equipment	14,953.00	
6 3/4% Mortgage Bond Sinking Fund Payment, due prior to September 15, 1964, included with current liabilities	25,000.00	
Reduction of 6% mortgage bonds	475,000.00	
Less - previously provided	<u>24,000.00</u>	50,000.00
Goodwill on Acquisition of Subsidiaries:		
Progressive Platers Ltd.	\$ 6,627.00	
Fine Pitch Gears Ltd.	<u>14,304.00</u>	20,931.00
Payment of Tax Re-Assessments of predecessor companies	15,709.00	
Issue Expenses of 6 3/4% Mortgage Bonds	8,564.00	
Dividends paid on Preference Shares	<u>8,128.00</u>	<u>365,991.00</u>

Working Capital as at February 29, 1964 \$519,850.00

NOTE: The net increase to working capital during the period was \$155,328.00

FINE PITCH GEARS LIMITED

STATEMENT OF OPERATIONS

FOR THE TEN (10) MONTHS ENDED NOVEMBER 30, 1963

<u>SALES</u>			72,930.69
<u>COST OF SALES</u>			
Inventory - February 1, 1963	2,443.35		
Purchases	25,967.70		
	<u>28,411.05</u>		
Less: Inventory November 30, 1963	<u>4,000.00</u>	24,411.05	
<u>DIRECT WAGES</u>		23,370.47	
<u>MANUFACTURING EXPENSES</u>			
Small tools and dies	12,824.32		
Depreciation on machinery and equipment	5,273.65		
Factory supplies	1,106.53		
Maintenance of machinery and equipment	943.01		
Heat, light and power	<u>225.53</u>	<u>20,373.04</u>	<u>68,154.56</u>
<u>GROSS PROFIT</u>			4,776.13
<u>OTHER EXPENSES</u>			
Salary - executive	6,929.56		
Salary - office	3,861.56		
Finance charges	1,938.56		
Rent	1,340.00		
Telephone and telegraph	765.95		
Depreciation on automobile	761.68		
Auto expense	655.28		
Discounts allowed	585.05		
Insurance	490.46		
Group Insurance	482.97		
Bad debts written off	466.11		
Legal and audit	450.00		
Travelling expense	327.75		
Workmen's compensation	357.50		
Allowance for doubtful accounts	300.00		
Office expense	265.58		
Unemployment insurance	199.90		
Bank charges	198.43		
Freight on sales	99.33		
Advertising	74.10		
Business taxes	69.35		
Depreciation on office equipment	46.28		
Capital and place of business tax	<u>30.82</u>	<u>20,696.22</u>	
Less: Prior years allowance for doubtful accounts reversed		<u>763.75</u>	<u>19,932.47</u>
<u>NET LOSS</u>			<u><u>\$(15,156.34)</u></u>

PROGRESSIVE PLATERS LIMITED

BALANCE SHEET

AS AT NOVEMBER 30, 1963

ASSETS

CURRENT ASSETS

Cash on hand and in bank		25.22	
Accounts receivable		9,305.22	
Inventory - solutions	2,161.50		
- anodes & supplies	<u>1,208.00</u>	3,369.50	
Prepaid expense		<u>28.88</u>	12,728.82

FIXED ASSETS

	<u>Original Cost</u>	<u>Accumulated Depreciation</u>	<u>Residual Value</u>	
Equipment	17,146.56	6,542.92	10,603.64	
Automobile	<u>3,079.82</u>	<u>1,296.54</u>	<u>1,783.28</u>	
	<u>20,226.38</u>	<u>7,839.46</u>	<u>12,386.92</u>	12,386.92

OTHER ASSETS

Incorporation expense		397.55	
Deferred finance charges		<u>226.17</u>	623.72

TOTAL ASSETS

\$25,739.46

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Bank loan	1,000.00	
Accounts payable and accrued liabilities	4,454.75	
Wages payable	709.75	
Employees tax deductions	443.19	
Liens payable due within one year	<u>1,734.70</u>	8,342.39

LONG TERM LIABILITIES

Liens payable	2,334.70	
Less: Due within one year	<u>1,734.70</u>	600.00

SHAREHOLDERS' EQUITY

<u>Capital Stock</u>			
<u>Authorized</u>	<u>Issued</u>		
2,000	1,720	non-cumulative, redeemable 6% preferred shares, par value \$10.00	17,200.00
20,000	1,903	common shares, no par value not to exceed \$20.00	203.00
<u>Deficit</u>			
Balance July 1, 1963		(174.02)	
Loss for the period		<u>(431.91)</u>	<u>(605.93)</u>
			16,797.07

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

\$25,739.46

PROGRESSIVE PLATERS LIMITED

OPERATING STATEMENT

FOR THE FIVE (5) MONTHS ENDED NOVEMBER 30, 1963.

PLATING SALES 21,240.08

COST OF SALES

Inventory July 1, 1963.	1,985.56	
Plant expenses - per statement #3	14,955.41	
	16,940.97	
Less: Inventory November 30, 1963	<u>3,369.50</u>	13,571.47

GROSS PROFIT

7,668.61

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

(per statement 3) 6,881.81

NET PROFIT BEFORE DEPRECIATION

786.80

DEPRECIATION EXPENSE

(per statement 3) 1,218.71

NET LOSS

\$ (431.91)

PROGRESSIVE PLATERS LIMITED

SCHEDULE OF EXPENSES

NOVEMBER 30, 1963

PLANT EXPENSES

Production wages	9,208.49	
Shop expense	1,846.68	
Light, heat and power	1,277.45	
Freight and delivery	909.04	
Rent	655.00	
Water	472.94	
Group insurance	217.25	
Insurance	144.46	
Workmen's compensation	115.30	
Unemployment insurance expense	72.80	
Waste removal	36.00	<u>\$14,955.41</u>

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Management salary	4,405.70	
Office wages	829.74	
Audit fees	775.00	
Office supplies and expense	253.16	
Travel and promotion	214.30	
Bank charges	179.35	
Telephone and telegraph	149.35	
Membership dues	46.11	
Bad debts written off	29.10	<u>\$ 6,881.81</u>

DEPRECIATION EXPENSE

Equipment	963.96	
Automobiles	254.75	<u>\$ 1,218.71</u>

FINE PITCH GEARS LIMITED

BALANCE SHEET

AS AT NOVEMBER 30, 1963.

ASSETS

CURRENT ASSETS

Accounts receivable	9,777.01		
Less: Allowance for doubtful accounts	300.00	9,477.01	
Inventory		4,000.00	
Prepaid expenses		380.93	
Deferred finance charges		2,600.73	16,458.67

FIXED ASSETS

	<u>Original Cost</u>	<u>Accumulated Depreciation</u>	<u>Residual Value</u>	
Machinery and equipment	50,192.93	23,824.71	26,368.22	
Automobile	3,521.59	1,236.53	2,285.06	
Office furniture and equipment	843.68	612.31	231.37	
	<u>54,558.20</u>	<u>25,673.55</u>	<u>28,884.65</u>	<u>28,884.65</u>

TOTAL ASSETS \$45,343.32

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Bank overdraft	450.81	
Bank loan	1,750.00	
Accounts payable and accrued liabilities	15,309.09	
Employees tax deductions	453.90	
Sales tax payable	17.39	
Liens payable - due within one year	10,013.24	27,994.43

DEFERRED LIABILITIES

Liens payable	6,539.24
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ADVANCES FROM DIRECTORS

10,839.62

SHAREHOLDERS' EQUITY

<u>Capital Stock</u>			
<u>Authorized</u>	<u>Issued</u>		
80,000	65,000 common shares - no par value	1,147.97	
<u>Earned Surplus</u>			
Balance February 1, 1963	13,978.40		
Less: Net loss for the period	(15,156.34)	(1,177.94)	(29.97)

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY \$45,343.32

PRECISION MACHINING (BARRIE) LIMITED

BALANCE SHEET

MARCH 31, 1963

<u>CURRENT ASSETS</u>		<u>ASSETS</u>	
Cash on hand and in bank		2,381.14	
Accounts receivable		14,797.09	
Inventory materials and work in process		5,579.59	
Prepaid expenses		<u>74.25</u>	22,832.07
<u>FIXED ASSETS</u>			
Machinery and equipment	60,100.42		
Less: Accumulated depreciation	<u>3,840.22</u>	56,260.20	
Leasehold improvements	3,000.00		
Less: Proportion written off	<u>600.00</u>	<u>2,400.00</u>	58,660.20
<u>OTHER ASSETS</u>			
Prepaid finance charges			<u>5,361.00</u>
		TOTAL ASSETS	<u>\$86,853.27</u>
		LIABILITIES AND SHAREHOLDERS' EQUITY	
<u>CURRENT LIABILITIES</u>			
Bank Loan		32,000.00	
Accounts payable and accrued liabilities		8,061.91	
Employees' income tax deductions		466.90	
Notes payable on machinery and equipment		<u>31,952.70</u>	72,481.51
<u>SHAREHOLDERS' EQUITY</u>			
<u>Capital - Authorized</u>			
3,600 Preferred shares @ \$10.00 each			
4,000 Common shares no par value			
<u>Issued and fully paid</u>			
2,980 Preferred shares		29,800.00	
200 Common shares		<u>200.00</u>	
		<u>30,000.00</u>	
<u>Surplus</u>			
Balance March 31, 1962		4,160.97	
Less: Depreciation from previous year		<u>4,440.22</u>	
Net loss for the year		<u>15,348.99</u>	(19,789.21)(15,628.24)
			<u>14,371.76</u>
		TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$86,853.27</u>

PRECISION MACHINING (BARRIE) LIMITED

OPERATING STATEMENT

FOR THE YEAR ENDED MARCH 31, 1963

<u>SALES</u>	89,732.39
<u>COST OF SALES</u>	
Work in process March 31, 1962	10,714.00
Direct wages	47,742.57
Indirect wages	7,637.91
Materials and sub-contracts	8,829.63
Tools and supplies	6,317.47
Rent	6,000.00
Light and power	785.31
Workmen's compensation	697.85
Unemployment insurance	595.58
Insurance	585.67
Heat	544.19
Machinery rental	274.00
Repairs and maintenance	<u>152.03</u>
	90,876.21
Less: Materials and work in process March 31, 1963	<u>5,579.59</u>
	85,296.62
<u>GROSS PROFIT</u>	4,435.77
<u>SELLING EXPENSES</u>	
Travel and car expenses	2,240.87
Advertising	464.65
Delivery	<u>198.74</u>
	2,904.26
<u>GENERAL AND ADMINISTRATIVE EXPENSES</u>	
Executive salaries	5,967.94
Finance charges	4,245.57
Interest and bank charges	2,067.61
Office salary	1,650.00
Legal and audit	850.00
Telephone	646.92
Office equipment rental	556.83
General and office expenses	349.43
Group insurance	282.15
Business taxes	<u>264.05</u>
	16,880.50
	19,784.76
<u>NET LOSS</u>	<u>\$ (15,348.99)</u>

12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	See Schedule "A" on pages 2,3,4, & 5.																		
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	None.																		
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	None.																		
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	No shares pooled or escrowed. (a) Five largest Common Shareholders: <table> <tr> <td>John E. Warrington, 36 Alder Rd., Toronto</td> <td>61,291 shares</td> </tr> <tr> <td>Muriel Warrington</td> <td>50,000 "</td> </tr> <tr> <td>Felix Charlebois, 94 Homewood Ave., Toronto</td> <td>26,360 "</td> </tr> <tr> <td>Trustees for Carol Warrington</td> <td>25,000 "</td> </tr> <tr> <td>Trustees for Donald Warrington</td> <td>25,000 "</td> </tr> </table> (b) Five largest Preference Shareholders: <table> <tr> <td>Gee & Company, 25 King St.W., Toronto (for Canadian Imperial Bank of Commerce)</td> <td>567 Shares</td> </tr> <tr> <td>Margaret I. McCormack, 149 Inglewood Dr., Tor.</td> <td>350 "</td> </tr> <tr> <td>Manitou Investments & Management Limited, 100 Adelaide St.W., Toronto</td> <td>144 "</td> </tr> <tr> <td>W.R. Brock, Room 1103, 100 Adelaide St.W., Tor.</td> <td>50 "</td> </tr> </table>	John E. Warrington, 36 Alder Rd., Toronto	61,291 shares	Muriel Warrington	50,000 "	Felix Charlebois, 94 Homewood Ave., Toronto	26,360 "	Trustees for Carol Warrington	25,000 "	Trustees for Donald Warrington	25,000 "	Gee & Company, 25 King St.W., Toronto (for Canadian Imperial Bank of Commerce)	567 Shares	Margaret I. McCormack, 149 Inglewood Dr., Tor.	350 "	Manitou Investments & Management Limited, 100 Adelaide St.W., Toronto	144 "	W.R. Brock, Room 1103, 100 Adelaide St.W., Tor.	50 "
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W.R. Brock, Room 1103, 100 Adelaide St.W., Tor.	50 "																		
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	John Edward Warrington Muriel Warrington Trustees for Donald Warrington and Carol Warrington (such Trustees are the said John Edward Warrington, the said Muriel Warrington, Donald Resnick and F. Vincent Regan)																		
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	Only investments in other companies are in subsidiaries, namely Fine Pitch Gears Limited, Progressive Platers Limited and Precision Machining (Barrie) Limited. See Schedule A attached as to the terms of purchase of these investments, which were as follows: <table> <thead> <tr> <th>Company</th> <th>Shares</th> <th>Cost</th> </tr> </thead> <tbody> <tr> <td>Precision Machining (Barrie) Limited</td> <td>2,980 preference and 200 common</td> <td>\$5,900.00</td> </tr> <tr> <td>Progressive Platers Limited</td> <td>1,720 preference and 1,903 common</td> <td>\$21,000.00</td> </tr> <tr> <td>Fine Pitch Gears Limited</td> <td>65,000 common</td> <td>\$10,360.38</td> </tr> </tbody> </table> The purchase price for the above investments was the result of negotiation between the company, as purchaser and the several vendors.	Company	Shares	Cost	Precision Machining (Barrie) Limited	2,980 preference and 200 common	\$5,900.00	Progressive Platers Limited	1,720 preference and 1,903 common	\$21,000.00	Fine Pitch Gears Limited	65,000 common	\$10,360.38						
Company	Shares	Cost																	
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Fine Pitch Gears Limited	65,000 common	\$10,360.38																	
18. Brief statement of any lawsuits pending or in process against company or its properties.	There are no lawsuits pending or in process against the Company or its properties. William E. Purvis, one of the former shareholders of Precision Machining (Barrie) Limited, has made a claim against the Company for wrongful dismissal and certain other matters, which claim the Company has denied. No Court action has been commenced as yet by Mr. Purvis to the best of the Company's knowledge.																		
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	None.																		
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	None. Shares of the Company are not in primary distribution.																		

CERTIFICATE OF THE COMPANY

DATED April 3, 1964

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

MAGNA ELECTRONICS CORPORATION LIMITED

"D.J. Fry" Director

CORPORATE SEAL

"F.V. Regan" Director

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)